Viewpoints '98

Planning for Demographic Change in the Workforce

(Analysis of the Business-Labour Survey
And Case Study Research)

March 1999

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Planning for Demographic Change in the Workforce: Analysis of the Business-Labour Survey and Case Study Research

I. Introduction

It is no secret that Canada, like other industrial nations, is undergoing profound demographic change. This will inevitably impact on the labour market as over the next decade the number of older workers (those 45 and over) increases by 30 percent and accounts for about 40 percent of the workforce. Coupled with a trend to early retirement, this means that in the next few years there will be an enormous loss of accumulated experience from companies and workplace as these workers leave the labour force.

Replacing retirees with younger workers will pose challenges. With high youth unemployment growing numbers of young workers are finding it difficult to gain work experience. In 1996, 20 percent of workers aged 15-24 had never held a job compared to 10 percent in 1989. Consequently a major challenge will be to ensure that young workers have the capacity and skills to replace the older workers as they leave the workforce in the next few years. This will require planning and new strategies by companies to address potential skill and experience gaps in their workforces.

This report examines both the planning for the replacement of retirees and the priority given to hiring youth. It uses economy wide evidence from the CLMPC Leadership Survey (described below) and supplements this with some workplace examples of practical actions and programs that have already been implemented.

The case study work was commissioned and financially supported by Human Resources Development Canada. It represents one of the first attempts to systematically gather information about the level of strategic awareness of the implications the changing demographic profile of Canadian workplaces.

Demographic change is a long-term phenomenon that is slow but inexorable. It is however a pressure that both businesses and unions are likely to experience with greater force, as time marches on. The evidence presented here therefore provides a snapshot of leaders' views in a time of high youth unemployment and before the full impact of an aging workforce has been felt.

CLMPC Leadership Survey

In March and April 1998, the Canadian Labour Market and Productivity Centre (CLMPC) surveyed Canadian business, labour, and public sector leaders to explore their views on major economic issues and potential solutions. This survey repeated a similar one conducted in early 1996.

Questions concerning demographic change were included for the first time in the 1998 survey. Five questions were asked on the replacement of retiring workers and four questions on the hiring of youth. The responses provide some valuable economy-wide evidence of the perspectives and issues around planning for demographic change in the workplace.

A further breakdown was possible between firms with different employment patterns over the last five years. Firms were respectively defined as growing, static or declining if their employment levels had increased, remained constant or declined in the last five years. The results by type of firm are provided in tabular form and provide additional insights into the differences among perspectives on retirees and youth.

The focus is on respondents' *perceptions* of particular issues. A sense of the different perceptions among

constituencies, and of how they are changing, will help in the interpretation of how they might strongly influence attitudes and actions. The basis and accuracy of perceptions will be the platform for further dialogue.

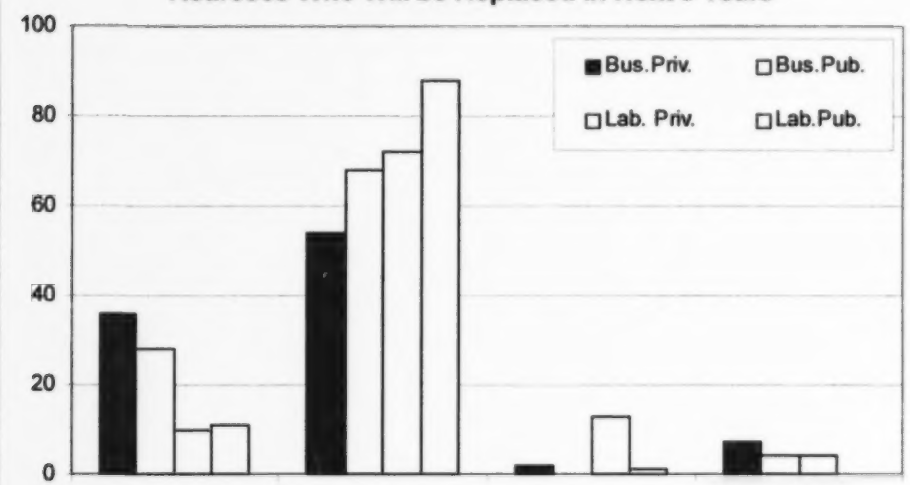
A more detailed discussion of the overall survey results together with the survey methodology and questionnaire can be found in the document "*Viewpoints '98: A Survey of Canadian Business, Labour and Public Sector Leaders*" originally released in June 1998.

Replacing Retiring Workers

Expectations over the Next Five Years

Respondents were asked about their intentions to replace retirees over the next five years and both business and labour leaders agreed that replacement would be significant. Fully 91 percent of business leaders overall and 88 percent of all labour leaders indicated that all or some of their retirees would be replaced (Chart 1). Expectations that *all* retirees would be replaced were generally higher amongst business leaders than labour leaders, though labour leaders overall thought that significant partial replacement would occur. Expectations of partial replacement were generally higher in the public sector for both management and labour.

Chart 1
Retireees Who Will be Replaced in Next 5 Years



Breaking these results down by type of organization revealed, not unexpectedly, that expectations of replacement were much higher among business and labour leaders in growing organizations. Thus 49 percent of business leaders and 42 percent of labour leaders in firms with growing employment believed all retirees would be replaced, compared to 19 percent of business leaders and 5 percent of labour leaders where employment had declined.

Table 1						
REPLACEMENT OF RETIRING EMPLOYEES IN THE NEXT 5 YEARS						
Organizations Where Employment in the Last 5 Years						
	Increased		**Unchanged**		**Decreased**	
Private Sector (%)						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
All	53	38	21	5	17	6
Some	39	54	59	90	79	74
None	3	0	0	5	2	17
Unknown	5	8	21	0	3	4
Public Sector (%)						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
All	37	57	33	30	23	4
Some	56	43	50	70	77	94
None	0	0	0	0	0	1
Unknown	7	0	17	0	0	0

This pattern across the different types of organization was evident in both the private and public sector. However private sector business leaders in growing firms were more optimistic than private sector labour leaders and also their management counterparts in the public sector[1]. On the other hand labour leaders in growing public sector organizations were more optimistic that all employees would be replaced than both management in the public sector and private sector labour leaders[2]. Thus in growing organizations labour was more optimistic in the public sector whereas optimism was greatest among business leaders in the private sector that all employees would be replaced.

Nevertheless the belief that all some or all replacement of retirees was going to occur in the next five years was prevalent across the three types of firms in both the public and private sector. This indicates the future importance of this issue.

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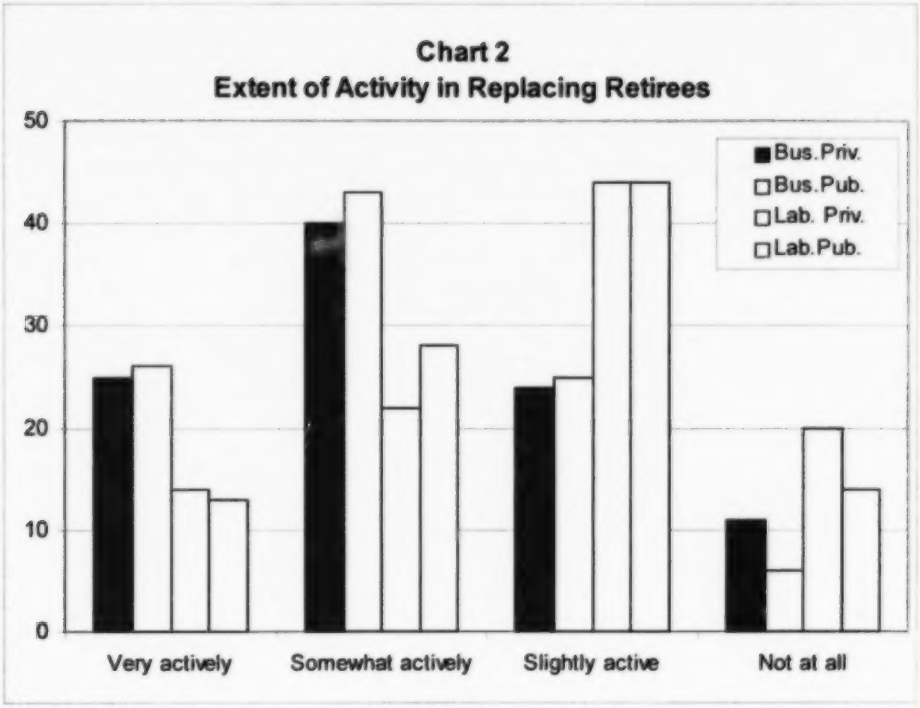
1 53 percent of private business leaders thought all employees would be replaced compared to 38 percent of private sector labour leaders and 37 percent of public sector management.

2 57 percent of public sector labour leaders thought all employees would be replaced compared to 37 percent of public sector managers and 38 percent of private sector labour people.



Current Activity to Replace Retiring Workers

Business and labour had different views on how actively employers were addressing the replacement of retirees. Generally labour was less confident that active efforts were being made (Chart 2). Both public sector and private sector business leaders believed they were engaging somewhat actively or very actively in replacing retirees (65 percent among private business leaders and 69 percent among public sector business leaders). In contrast, only 36 percent of private sector labour and 42 percent of public sector labour leaders believed their organizations were engaged in significant activity to replace retirees. Instead 44 percent of public and private sector labour leaders thought there was only slight activity and between 14 percent and 20 percent believed there was no activity at all to address the issues of replacing retirees.

The difference between the business leaders' beliefs that they were active and the labour leaders' view that little was being done to replace retirees probably reflects the different expectations of the two groups of what constitutes significant and slight activity. Furthermore the two groups may have different views on what replacement activities would include, e.g. management may include specific initiatives and strategies that they are developing but which union leaders may not be fully cognizant of.

The data by type of firm reveal that, in the private sector, growing firms are generally more active than static or declining ones (Table 2). Similarly, the proportion of both business and labour leaders believing that no replacement activity was taking place was higher in firms where employment had not grown in the last five years.

Table 2						
EXTENT OF ACTIVITY IN REPLACING RETIREES						
Organizations Where Employment in the Last 5 Years						
	Increased		**Unchanged**		**Decreased**	
Private Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Very Active	27	25	21	10	17	8
Somewhat actively	35	29	32	15	41	17
Slightly Active	26	38	26	50	23	45
Not at all	12	8	21	25	20	29
Public Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Very Active	19	29	33	30	28	10
Somewhat actively	48	43	33	40	39	23
Slightly Active	19	0	17	20	31	51
Not at all	15	29	17	10	3	16

In the public sector all respondents indicated greater activity in replacing retirees than in the private sector. Unlike the private sector the level of replacement activity was similar in both growing organizations and static organizations according to both business and labour leaders[3]. In fact the proportion of both business and labour leaders who believed there was no activity was higher in growing organizations than in organizations where employment was unchanged or had decreased. Thus not only is replacement activity in the public sector is perceived to be higher than the private sector but is also more evenly spread across the different types of organizations.

Specific Action to Replace Retirees

Respondents who had indicated they had addressed the issues of replacing retirees were then asked what specific actions had been taken. There were some similarities between business and labour but also some marked differences in their responses (Chart 3).

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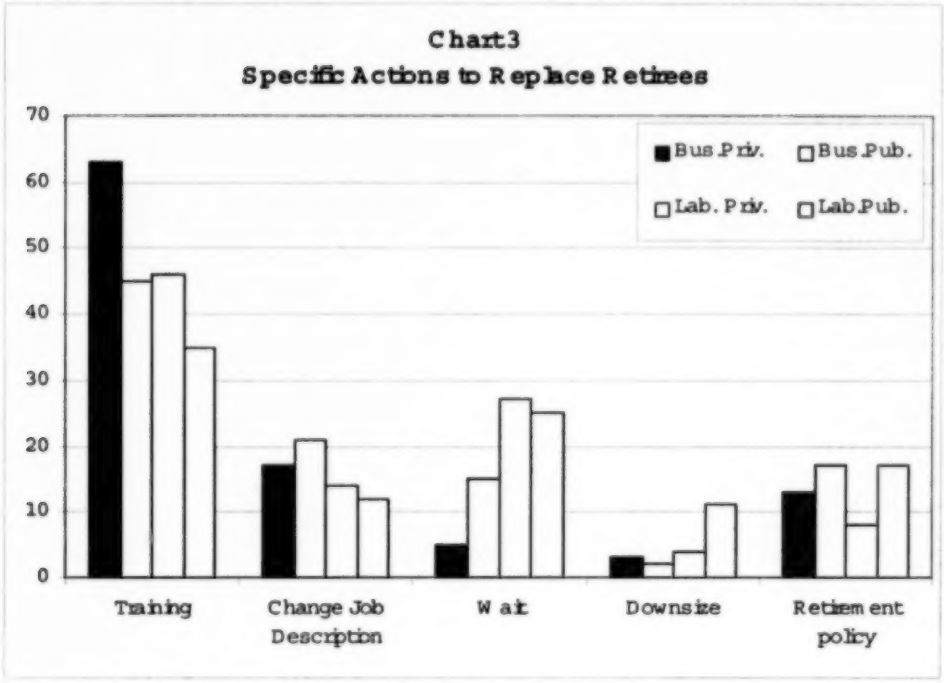
3 The proportion of public sector leaders who were somewhat or very active was 67 percent in growing firm compared to 66 percent in static firms. Among public sector labour leaders the corresponding figures were 72 percent in growing firms and 66 percent in static firms.



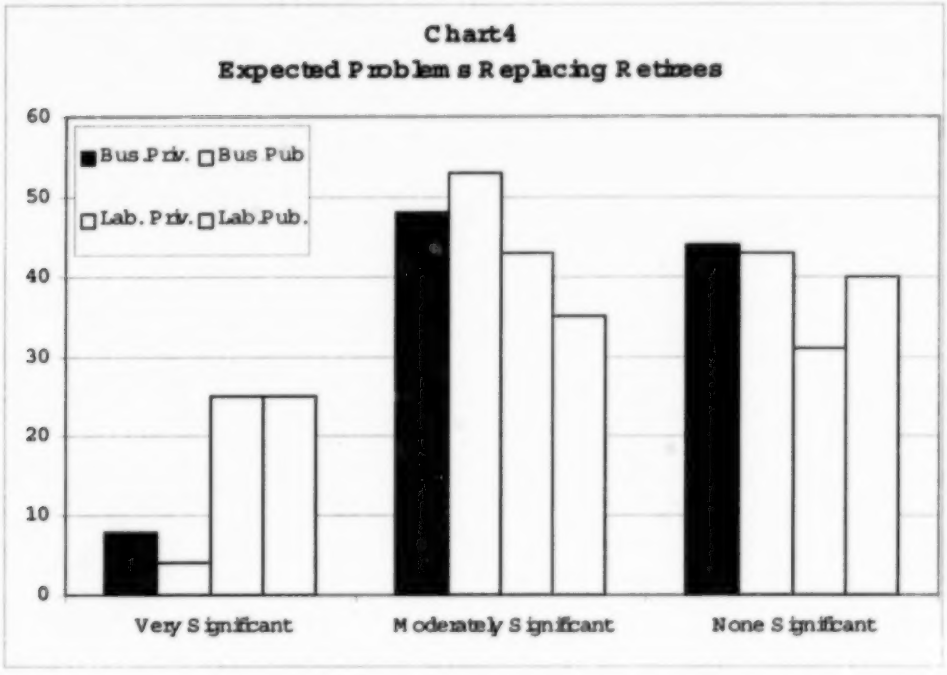
Both business and labour agreed that training was the principal activity that has been used to address the issue of replacing retirees. In the private sector 63 percent of business leaders and 46 percent of labour leaders indicated training as the main activity to help replace retirees. Corresponding figures in the public sector were lower: 45 percent of business leaders and 35 percent of labour leaders. The responses for changing job descriptions and establishing a retirement policy also drew similar, but much lower responses from both business and labour.

The marked difference was that a quarter of labour leaders in both the public and private sectors believed organizations were adopting a wait and see approach, compared to only 5 percent of private sector business leaders and 15 percent of public sector business leaders. This reflects the comments above in terms of the expectations of the two parties: business believes it is doing enough, labour wants business to do more. Some actions which business believes will have an impact may also be interpreted by labour leaders as having little impact and are therefore views as the same as a wait and see approach.

An additional interesting response was that downsizing was generally not considered part of an organization's approach to managing an increase in retirees. However the response to this question was higher among public sector unions (11 percent) than among the three other groups (between 2 percent and 4 percent). The low response rates may reflect the substantial downsizing that has already occurred in the late 1980s and mid 1990s in organizations and that little further downsizing is expected in the future.

Problems in Replacing Retiring Workers

Business and labour leaders who had reported that some or all of retiring employees would be replaced, were then asked if they anticipated any problems trying to replace retiring workers and what those specific problems were.



In general the problems of replacing retirees was not expected to be a big issue among business leaders (Chart 4). Very few business leaders (between 4 percent and 8 percent) thought there would be very significant problems with replacing retirees. Approximately half of business leaders anticipated moderately significant problems and 44 percent saw no significant problems in replacing retiring workers.

Labour leaders' views showed less confidence. In both the public and private sector 25 percent of labour leaders believed there would be very significant problems replacing workers. This is considerably more than their business counterparts. Moderately significant problems were expected by 43 percent of private sector labour leaders and 35 percent of public sector labour leaders. A significant proportion of labour leaders (31 percent in the private sector and 40 percent in the public sector) believed there would be no significant problems.

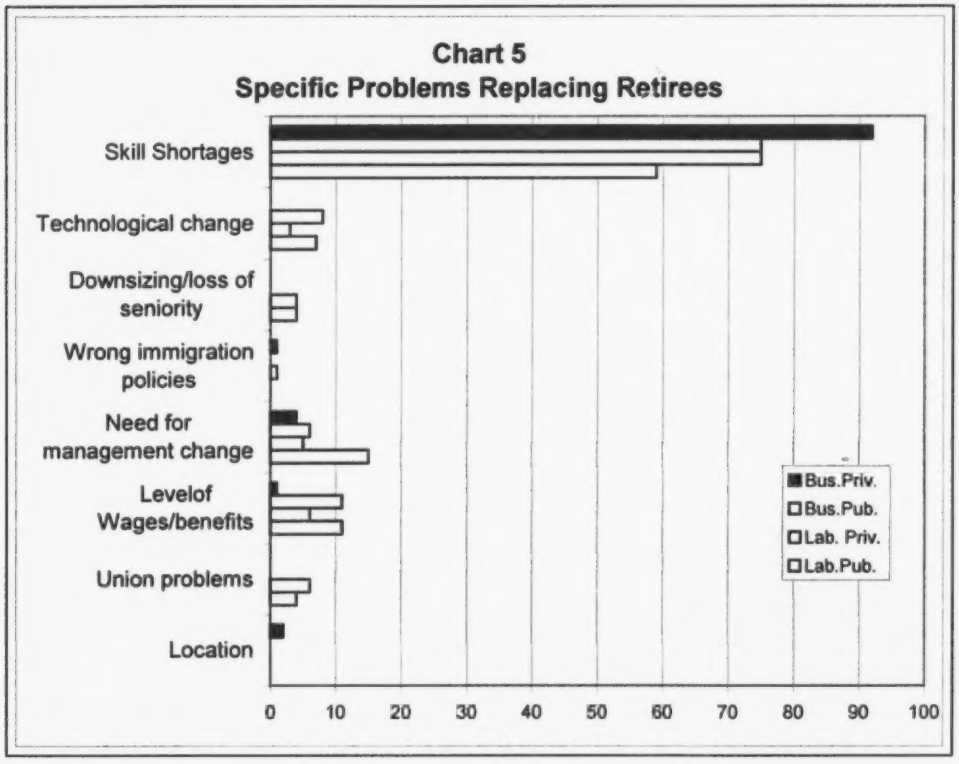
In general the majority of business and labour leaders believed that the problems of replacing retirees would be moderate or non-existent. However the views of labour leaders were distributed across the spectrum of opinion with a substantial number expecting very significant problems in replacing retirees. This may reflect differences in perception as to what constitutes a problem in replacing retirees.

The breakdown by type of firm generally supported the differences between business and labour leaders on the extent of problems associated with replacing workers. In general labour leaders had stronger perceptions that there would be significant or very significant replacement problems in growing firms than in organizations where employment had not grown (Table 3).

Table 3						
EXPECTED REPLACMENT PROBLEMS						
Organizations Where Employment in the Last 5 Years						
	Increased		Unchanged		Decreased	
Private Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Very Significant	9	21	9	35	3	25
Moderately Significant	51	50	44	25	42	42
None significant	40	29	47	40	55	33
Public Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Very Significant	0	17	0	30	8	26
Moderately Significant	58	50	50	30	54	34
None significant	42	33	50	40	38	40

Two caveats may be noted in regard to these responses. First, the impact of demographic change is only beginning to be felt and the ability to replace retirees may not have been difficult up to this point in time. However, the impact of an aging workforce is gradual but cumulative and thus it does not exclude the possibility that problems with replacing retirees will emerge on a wider scale that is apparent now.

Second, the responses are from business and labour leaders across the entire spectrum of industries. While very significant economy-wide problems are largely absent, there can still be particular occupations or sectors where replacing retirees will become difficult and these may require targeted solutions. This is particularly true in light of the specific replacement problems identified.



Among firms who identified replacement problems, the overwhelming specific problem was skill shortages. Both business and labour cited this: 87 percent of business leaders and 69 percent of labour leaders who expected replacement problems cited skills shortages as a replacement issue. This finding was more pronounced in the private sector than in the public sector[4]. This finding is consistent with training as the main activity in replacing retirees. It is also consistent with evidence of problems some industries have had in attracting enough appropriately skilled people. For these sectors skills shortages would be a very significant problems in replacing retirees.

Hiring Youth

Business and labour leaders were asked to identify the priorities given to hiring youth both in the past five years and in the next five years. They were also asked about the advantages and obstacles in hiring youth.

Priorities in the Past Five Years

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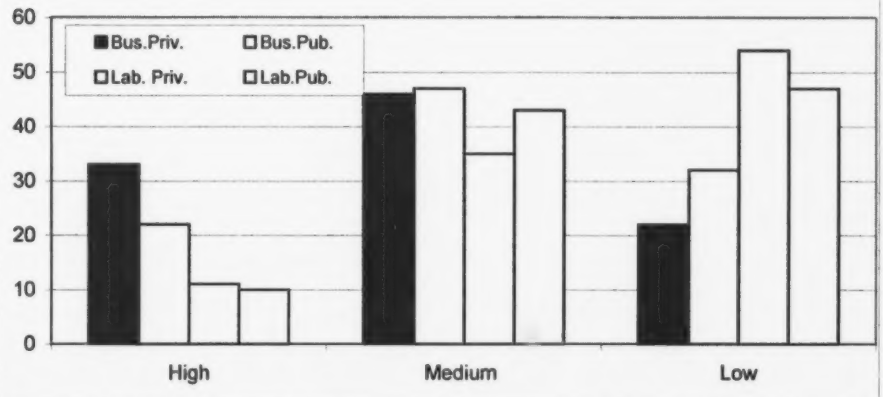
4 In the private sector 92 percent of business leaders and 75 percent of labour leaders perceived skill shortages as a problem in replacing retirees. In the public sector the corresponding figures were 75 percent among business leaders and 59 percent among labour leaders.

Business leaders indicated a much higher priority in hiring youth than did labour leaders. Only 11 percent of labour leaders overall believed that youth hiring had been a high priority, whereas a much higher proportion of business leaders– 30 percent overall believed it had. At the other end of the spectrum, over half the labour leaders (52 percent) indicated it had received a low priority compared to 24 percent of business leaders. Nearly half (46 percent) of business leaders and 38 percent of labour leaders thought that the hiring of youth had received a medium priority.

Chart 6
Priority in Hiring Youth in Last Five Years



This pattern was generally true across the private and public sectors. In the private sector 79 percent of business leaders thought that the hiring of youth had been a high or medium priority whereas 54 percent of labour leaders thought it had received a low priority. In the public sector 69 percent of management thought youth hiring had been a high or medium priority while 47 percent of labour leaders thought it had received a low priority. Support among labour leaders for the belief that youth hiring had been a high priority was identical in the public and private sectors (at 11 percent).

No unexpectedly, the priority of hiring youth differs by the type of firm. In growing firms it is easier, or even necessary, to give greater priority to hiring youth and the data confirms greater support for this in these firms from both labour and business (Table 4). Furthermore support for the idea of a high priority falls among both labour and business leaders as one moves from growing firms to static and declining firms in the private sector[5]. Conversely, the proportions believing youth hiring has received a low priority is higher in declining firms than in growing organizations.

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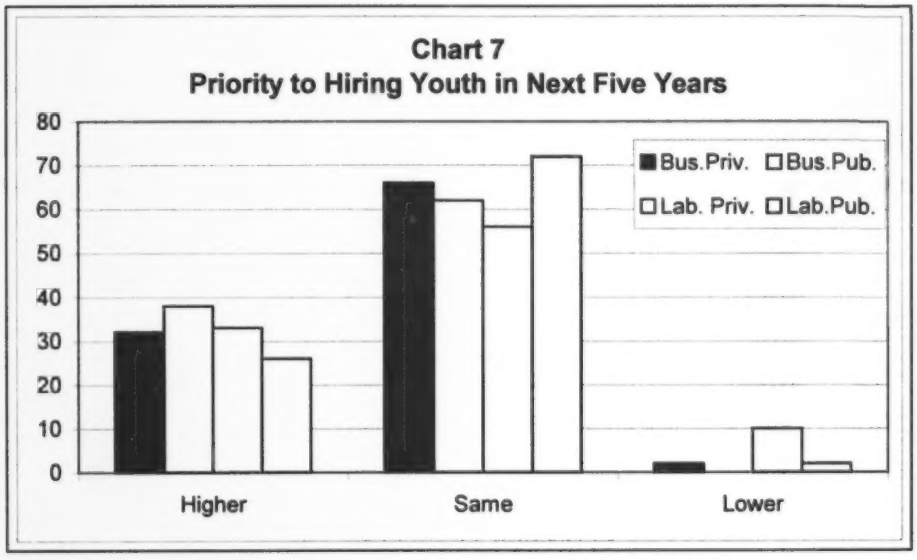
5 The proportion of business leaders indicating a high priority to hiring youth falls from 44 percent in growing firms to 14 percent in firms with declining employment. The corresponding range for labour leaders is a fall from 25 percent to only 5 percent (Table 4).

Table 4						
PRIORITY IN HIRING YOUTH IN LAST 5 YEARS						
Organizations Where Employment in the Last 5 Years						
	Increased		**Unchanged**		**Decreased**	
Private Sector (%)						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
High	44	25	26	15	14	5
Medium	43	50	46	55	53	28
Low	13	25	29	30	33	68
Public Sector (%)						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
High	37	14	17	22	14	7
Medium	41	57	50	33	49	42
Low	22	29	33	44	38	51

Priorities in the Next Five Years for Youth Hiring

The majority of business and labour leaders expected youth hiring to receive the same priority in the next five years – overall 65 percent of business leaders and 62 percent of labour leaders indicated this. However a third of business leaders (34 percent) and labour leaders (30 percent) indicated that they expect youth hiring to have a higher priority. This was true in both the public and private sectors (Chart 7).



A more interesting finding emerges from the breakdown by organization type (Table 5). The principal source of those labour and business leaders who see a rise in the priority given to youth is from declining firms. In the private sector 44 percent of business leaders in such firms indicated youth hiring would get a higher priority compared to only 20 percent in firms with growing employment. The corresponding figures for labour were 35 percent in declining firms versus 29 percent in growing firms. A similar picture among management emerges in the public sector, though among labour leaders the principal source of a higher priority for youth was in static firms.

Table 5

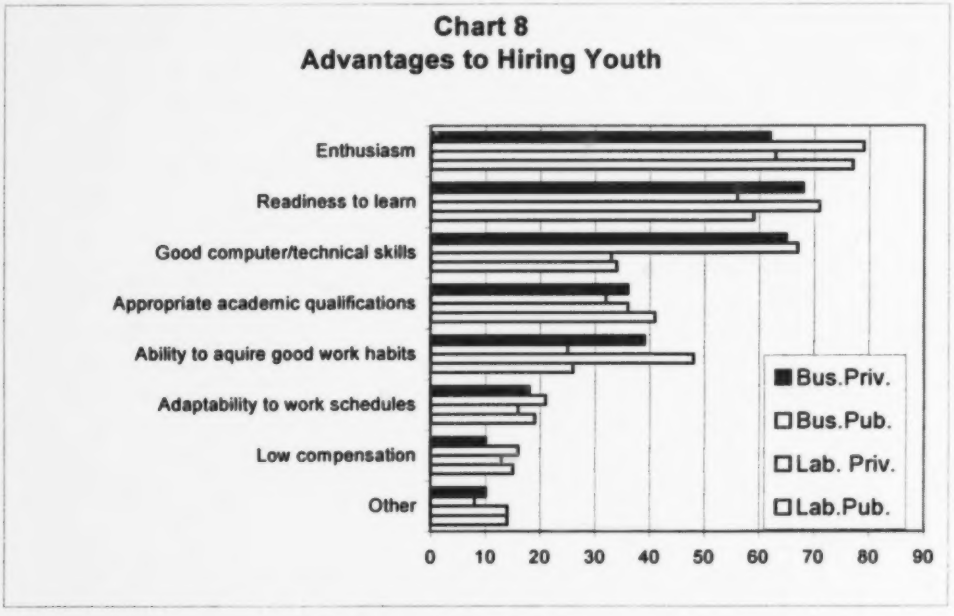
PRIORITY IN HIRING YOUTH IN NEXT 5 YEARS

Organizations Where Employment in the Last 5 Years

	Increased		**Unchanged**		**Decreased**	
Private Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Higher	20	29	23	25	44	35
Same	77	71	74	60	56	52
Lower	2	0	3	15	0	13
Public Sector						
	Business	*Labour*	*Business*	*Labour*	*Business*	*Labour*
Higher	26	14	33	44	49	26
Same	74	86	67	56	51	71
Lower	0	0	0	0	0	3

These findings indicate that youth employment is likely to remain important overall and that in declining firms the priority given to youth will even increase. This somewhat surprising finding may reflect the greater hiring of youth already achieved by growing firms who would consequently see little need to alter their hiring priorities. Declining firms on the other hand who have hired very little youth in the past may see a need to change this situation. In any case the evidence suggests that firms will realize the important demographic factors at play within the Canadian workforce.

Advantages and Obstacles to Hiring Youth

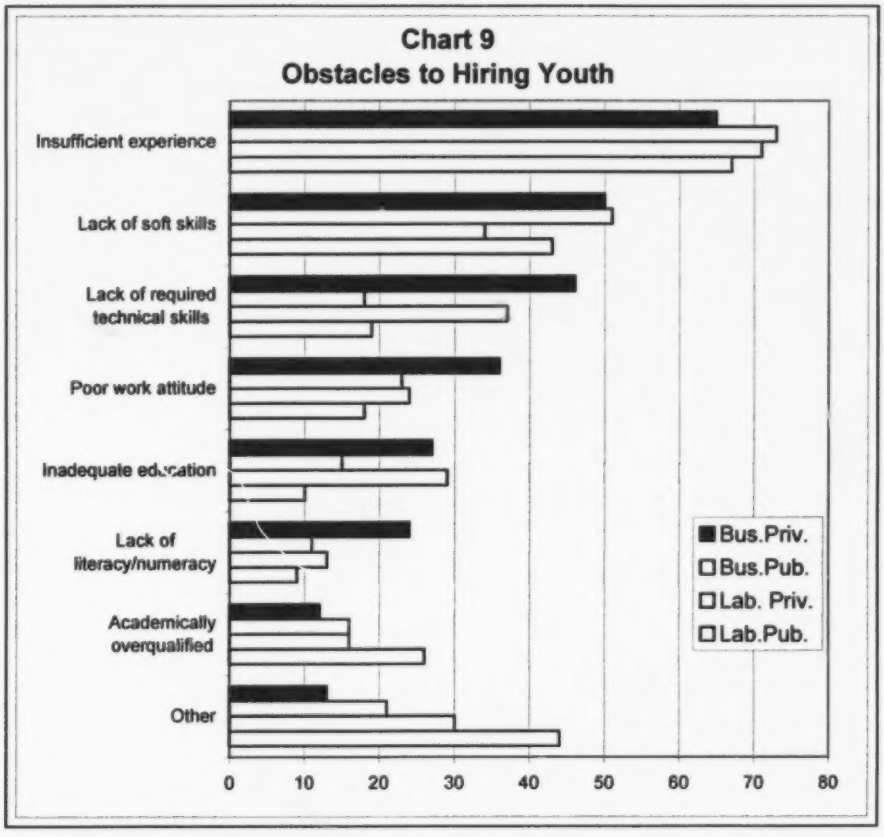


Business and labour were asked to identify the three main advantages of hiring youth. Their responses were quite clear and very similar between labour and business. According to two thirds of business and labour leaders overall, enthusiasm was the number one response, followed by readiness to learn. Good computer and technical skills was chosen as the third advantage by 66 percent of business leaders overall but only 33 percent of labour leaders. Forty percent of labour leaders indicated the ability to acquire good work habits and 38 percent of labour leaders identified appropriate academic qualifications as an advantage.

These results generally held across the public and private sectors (Chart 8). The only difference was that among public sector labour leaders appropriate academic qualifications were the third choice in the while the ability to acquire good work habits was the third choice in private sector unions. The evidence that young workers are perceived as both enthusiastic and ready to learn is nevertheless very clearly indicated.

There was also consensus on the obstacles to hiring youth. Insufficient experience was cited by 70 percent of labour leaders and 67 percent of business leaders. This was clearly identified in both the public and private sectors as the primary obstacles to youth employment (Chart 9).

Other obstacles were less frequently mentioned. A lack of interpersonal or "soft" skills was cited by 50 percent of business leaders in both the private and public sectors and by somewhat fewer labour leaders (37 percent).



In the private sector 46 percent of business leaders and 37 percent of labour leaders identified a lack of required technical skills as an obstacle. Such a finding would seem to conflict with the previous results from the advantages of hiring youth (especially from business). It may be however that there are some specific skills gaps in some technical fields that can adversely affect employment of young workers. In this regard it is important to note that inadequate education was a more marked concern in the private sector than in the public sector.

In the public sector the lack of technical skills was not identified. Instead inexperience and a lack of soft skills were the two principal obstacles identified.

Summary

The evidence form the CLMPC leadership survey indicates a number of important trends and points.

Level of Interest in Replacing Retirees

- The activity of replacing retirees does not yet appear to be going at full steam. Business leaders believed that more activity was underway than did labour leaders but only a quarter of business leaders thought companies were very active in this area.
- The replacement activity was greatest in firms where employment had grown in the last five years.
- Labour and business leaders agreed that there would be significant amount of replacement of retirees in the coming five years. This was true in both the public sector and for growing, static and declining firms.

Specific Activities and Problems

- Training was easily the most common activity used to facilitate the replacement of retirees in both the public and private sectors. While labour leaders recognized the prevalence of training fully one quarter of them believed companies were adopting a wait and see policy.
- In general business leaders did not believe there were very significant problems in replacing retirees and did not expect any. Labour leaders were more divided on the issue and one quarter of them expected very significant problems in replacing retirees in the future.
- The most common specific problem was identified as skills shortages, especially in the private sector. The also explains why training is such an important activity in the replacement of retirees.

Previous Priorities for Hiring Youth

- In the hiring of youth business leaders generally thought youth had received a high priority in the last five years. Labour views differed markedly in that over half thought hiring young people had received a low priority.
- There have been big differences in priorities depending on the type of firm. In firms where employment had grown in the last five years youth employment had received a higher priority compared to those firms where employment had decreased.

Future Priorities for Hiring Youth

- The majority of business and labour leaders agreed that the priority of hiring youth would remain the same over the next five years. However one-third of labour and business leaders believed that youth employment will be given a higher priority in the next five years. This was true in both the private and public sectors.

- ❖ A higher priority towards youth was most evident among firms that had experienced employment declines. This would indicate that the importance of hiring youth is not simply confined to growing firms but is becoming more widely recognized.

Perceived Advantages and Obstacles in Hiring Youth

- ❖ Business and labour leaders agreed that enthusiasm and a readiness to learn were the principal advantages of hiring young people. Good computer and technical skills were also recognized by business in both the public and private sectors. The ability to acquire good work habits and appropriate academic qualifications were also attributes of youth that were clearly identified in the survey.

- ❖ The obstacles to hiring youth were first and foremost insufficient experience, which has also been identified in other work relating to youth. Lesser obstacles that were identified included a lack of interpersonal and communication skills and, in the private sector, a lack of technical skills. This is consistent with the existence of specific skills shortages as the main specific problem associated with replacing retirees.

III. Cases of Managing Demographic Change

The economy-wide evidence hints at the existence of specific instances where replacing retirees with younger workers can be a significant issue. To supplement the economy wide evidence, specific case of different approaches to managing succession planning or demographic change in the workforce now described.

The three cases are different, indicating the degree to which specific initiatives can be designed to meet particular circumstances and needs. They are all joint business-labour approaches, indicating the need to fully involve interested parties in developing solutions that will work at a practical level.

The Textile Human Resource Council example illustrates a sector approach to the development of a training program focused on younger workers in the face of an aging workforce in the sector. The Toronto Star-Communications Energy and Paperworkers Union (CEP) case is a workplace initiative to encourage the employment of young workers and to give them the requisite skills. The Air Canada-Canadian Autoworkers (CAW) case describes how the company and union developed a plan to help older workers ease into retirement while providing full-time employment opportunities for younger workers.

All three cases are described in terms of the challenge to be met, the response and an assessment of the initiative's impact. The significance of the three cases is assessed at the end of the section.

Replacing Retirees in an Aging Workforce: The Textiles Human Resources Council

The Textiles Human Resources Council (THRC) was established in 1994 as a non-profit, joint business-labour partnership that promotes training and education of employees in the textile sector. The Council is run by a board composed of the leaders of the major textile companies and unions in Canada and also brings together industry suppliers, government departments and educational institutions to help textile employees acquire world class skills. The THRC was established with financial support from HRDC.

The formation of the Council occurred against a background of rapid change in the textile sector. The development of new products and markets and rapid changes in technology in the early 1990s have reshaped the textile sector and have also made it stronger and more vibrant. Sales in the sector are currently $10 billion and exports have more than tripled between 1988 and 1997. This reflects the greater exposure to international competition. Overall employment in the sector has steadily increased to 56,000 direct jobs and capital investments are a record high. The type of products the industry produces has expanded to include not just clothing but also uses in fibre optic cables, highway reinforcement, stadium roofing, automobile airbags and others.

A first priority of the Council was to ensure that textile workers had the skills necessary to manage these changes. This would require an upgrading of skills, including technical training and developing a training culture in the industry. The unions on the THRC in particular recognized the need for greater use of joint programs to address the consequences of change, including employee training to realize fully the benefits of innovation in the workplace.

The textile workforce is highly diverse and has, in the past, faced significant language and education barriers - a third of workers had not completed a grade 9 education, and between 60 to 70 percent had not completed secondary school. The workforce is also older than that for manufacturing overall. More recently, mechanization of work has eliminated many non-specialized jobs.

The Council commissioned a human resources study for the sector. It found that the workforce was aging significantly and that fully 40 percent of the managers and supervisors would retire within less than a decade. The loss of valuable skills and experience was an issue the Council urgently needed to address.

The same study also found that, although there was a good training program given in French at a Quebec CEGEP, there was no counterpart in English. The lack of a post-secondary training program in English would severely hamper the ability to recruit entry-level supervisors, managers and technicians into the industry.

Finally the study also highlighted the dramatic changes in the nature of work in the sector. The introduction of sophisticated robotics and computerized processes would mean a switch from command and control management structures to more independent work teams. The skills relating to teamwork and communications would need to be included in the upgrading of existing workers and mangers.

The overall need was clear: encourage young people to enter the industry and provide them with the skills to operate effectively in the new market environment.

One of the responses developed by THRC was the Textile Management Internship Program (TMIP). This program was designed to provide the necessary skills for job entrants in management and supervisory functions in the textile sector. The Program is an intensive one-year program instruction offered in Hamilton in collaboration with Mohawk College and McMaster University Business School, together with the participation of the world leading Textile Institution at North Carolina State University.

The course consists of three parts. The first term is spent studying textile science and manufacturing, including an intensive week at the North Carolina site. Students then spend a four-month period of work placement with a Canadian company that is a member of the THRC. The company agrees to provide the students with on-the-job instruction with pay. The third term is spent at McMaster, learning managerial skills such as strategic business planning, financial management, business ethics and conflict resolution.

To be admitted into the program students must be fluent in English, and must hold a technical diploma or university degree in science or engineering, including competency in chemistry, mathematics and computer data sheet applications.

Textile suppliers, processors, unions, and the educational institutions have jointly developed the program. Program decisions, including curriculum design and the selection process, are all made with the full participation of industry labour and management representatives. In addition, the federal government through Human Resources Development Canada has also provided advice and financial support for the establishment of the program.

After completion of the program, students receive a Certificate in Textile Management and, given the demographics of the workforce, have very good prospects for full-time employment in the rapidly changing textile industry.

The program, which is the only textile education program of its kind in English in Canada, is very new but has already received praise from both business and labour as well as provincial governments and the Dean of North Carolina's College of Textiles. The first class, which began in spring 1998, is composed of 22 students, are all under age 30, who have come to the program from a wide variety of fields including nuclear physics and civil engineering. Women account for 41 percent of these students.

The program thus provides an example of how business and labour have created a joint, sectoral and innovative means of responding to the challenges of demographic change. This was achieved in the face of a rapidly changing trading environment and significant technological change in the workplace. Since the program was driven and developed by the various industrial partners, the particular needs of the sector could be addressed.

Encouraging Youth Employment: Toronto Star and Communications, Energy and Paperworkers Union of Canada (CEP) Local 87m

The Toronto Star, one of Canada's largest newspapers, employs 1,933 people across a variety of white collar and blue-collar occupations. The average age of employees is 45 years. The type of work can vary substantially between departments, but tight pre-determined deadlines are an essential feature of production.

The CEP Local 87M (formerly the Southern Ontario Newspapers Guild) organizes 1026 white-collar employees across 5 departments. The current collective agreement runs from January 1998 to December 2001. Relations between the union and the company are good and the improvement in the relationship is shown by the joint development of innovative work arrangements in previous agreements.

In the fall of 1997 the newspaper ran a very successful investigative series on youth unemployment (*Lives on Hold: 1,000 Voices)* published in December. For the series, 1,000 randomly selected young people were interviewed and described their experiences. The portrait of youth with diminished job prospects, who questioned the value of their education and expressed frustration at trying to break into the labour market and fit into society, struck a chord with the paper's readers and a follow-up was planned for December 1998. The union was also interested in the issues raised in the report and voiced the need to encourage the entry of young workers into the Star. Management agreed to discuss the issues and was aware that many departments at the Star contained an experienced but ageing workforce. Both sides then explored ways to address the concerns voiced by young people in the investigative report.

In the 1998 round of collective bargaining the basic parameters of a new program were established but the details were left to be worked out at the departmental level. The aim of the program is to give young workers the opportunity to acquire the skills and experience that can help them make a successful entry into the media industry. In essence, it attempts to break the vicious circle of lack of experience and lack of employment that young people face. Its essential features include:

- The opportunity for up to 20 young people annually to acquire a combination of skills development and work experience through a one-year contract at the newspaper.
- Mentoring with experienced staff is a critical ingredient of the program.
- People in the program must be under 30 and have never held a permanent staff position at a daily newspaper.
- The Editorial Department is the first department participating in the program and has been allotted 10 positions.
- Orientation occurs during the first two weeks of the program and includes seminars in reporting and interviewing techniques, a tour of the whole newspaper operation, workshops in writing, photography, libel and contempt law, Star policies and ethics. The seminars are organised by veteran staff at the Star.
- Two weeks of job shadowing follows the orientation in which interns accompany veteran staff on the job and write parallel stories and compare them to those of the veteran reporters.
- For the remainder of the program the person is posted to a work group in the Editorial department (e.g. reporter, photographer, copy editor) where they learn the necessary skills through regular training days (usually Mondays), as well as from one-on-one feedback from experienced staff. They will also assess their own progress.
- At the same time, should job openings become available the program participants will be eligible to apply for them.
- The mentoring program is to be renewed each year for another 20 young people.

The youth program was launched in September 1998 and is therefore very new. However both management and labour report a great deal of excitement around this program, not only from the young participants but also from veteran staff at the Star, who are glad to have an opportunity to share their knowledge and experience of working for a newspaper. Both parties talked of a re-energised workforce for those involved in the program. From management's perspective they have a year to assess potential employees on the job and can hire permanent staff from among them. The program therefore makes sense from both a business perspective and a social perspective.

In addition the infusion of youth perspectives into the editorial department and the content of the newspaper can also be beneficial for expanding its readership.

Such programs have been both reflective and contributory to building better industrial relations in the workplace.

The youth mentoring program is an example of a joint effort that in the manner of a classic win-win situation can have beneficial impacts for both youth and the existing workforce as well as management. It also addresses directly the critical issues of lack of work experience and job-relevant skills as a barrier to youth employment.

Assisting Retirement and Creating Jobs for Youth: Air Canada and Canadian Autoworkers (CAW)
Air Canada is a large employer with over 21,000 employees and collective agreements with 11 unions in Canada. The customer sales and service agents are organized by the Canadian Autoworkers.

In the1980s and early 1990s as a result of competitive pressures and deregulation the airline industry underwent significant restructuring and Air Canada was transformed from a Crown corporation into a private company. These dramatic changes resulted in the closure of many Air Canada locations and significant layoffs. During this period the only available work for younger workers was part-time, whereas they were looking for full-time employment. At the same time, the older workers who remained with Air Canada faced a work environment that was rapidly changing due to new technologies and greater demands by the travelling public. Many older workers found full-time work stressful, but they were not ready to officially retire or leave the workforce. These workers would have preferred not to work full-time.

In an attempt to the different needs of their members, the union proposed language on phased-in retirement in the 1988 round of collective bargaining and after complex discussions a memorandum of understanding was worked out in the 1990 round of bargaining.

The major challenge was to satisfy Revenue Canada that the proposed changes were legally valid met the rules of the company pension plan. Under these rules, one must have a minimum of 25 years service or a combination of 80 years of service and age. Retirement is mandatory at age 65. Revenue Canada was concerned that workers might be receiving more income after retiring than before. This issue was eventually resolved in 1996 after Air Canada and the CAW jointly discussed and corresponded with officials at Revenue Canada for some six years. Together with an amendment to the pension laws in 1995, Revenue Canada was able to issue a ruling accepting the company and union changes in February 1996. The company pension plan did not require any amendments.

In essence the plan allowed older workers who met the eligibility requirements to retire from Air Canada, but to continue to work part-time. Younger workers on part-time could then be offered full-time jobs. Specific provisions included the following.

- Older, retired part-time workers keep their seniority in terms of pay, vacations and longevity pay.
- Part-time work can only constitute 35 percent of the jobs (as agreed in previous collective agreements since 1985).
- Employees who retire and work part-time do not have bumping rights in the event of a further restructuring at Air Canada.
- Employees who retire and work part-time are treated as retirees in regard to many of the benefits and thus face some reductions in group life insurance coverage.
- Retired part-timers do not accrue pension credits nor contribute to the company pension plan.

Since the decision to retire, under Revenue Canada rules, is irreversible, the company and the union recognized the importance of ensuring individuals were comfortable and fully aware of the consequences of their decision to retire early. Together they jointly provided pension seminars, including individual calculations of the impacts of early retirement, particularly when the individual reaches the age 65.

Up to November 1998, 84 full-time employees had taken advantage of the phased-in retirement provisions. Almost 60 percent of these were men. Another 40 requests were on file for when part-time vacancies become available. Workers taking advantage of the package were typically around the age 55 and usually worked a further 2 to 3 years as a part-timer before retiring completely without work.

Union Impacts

From the union's perspective, job expansion at Air Canada is not achieved through expanding the number of part-time workers at the expense of full-time jobs. The union is thus able to keep full-time jobs. Instead, the distribution of part-time and full-time jobs is shifted across age groups.

Impacts on Workers

Both younger and older workers have arrangements that are more appealing to them. Older workers can phase into retirement, receive a pension and still earn some employment income, while young part-time workers get access to full-time employment.

As changing technologies and increasing demands of the travelling public alters the work, part-time work has more appeal to older workers.

Management Impacts

The company has seen some cost savings in training and compensation since the switch from full-time to part-time workers is achieved without requiring any training. Furthermore younger workers are usually paid at a lower level on the pay scale. For a time, the company saves some wage costs and benefit costs related to pay levels. It takes four and one half years to reach the top of the pay scale.

Management has also seen changes in the attitudes of the workforce. Rather than perceiving growing part-time work as a threat to full-time employment, full-time workers at Air Canada now have a greater appreciation of part-time work and regard the arrangement as potentially beneficial to them as they approach retirement age. Furthermore with a younger full-time workforce, management reports a rejuvenation of the employee base with greater motivation and productivity. This also helped by maintaining the continuity of the workforce (rather than expanding and contracting through hirings and layoffs). Finally the program has the potential to reduce absenteeism costs, since older, part-time workers are less stressed and use less sick leave.

As a measure of its success, the company has fully embraced the plan and has introduced the program in negotiation with unions in the UK. Here again, the concerns of the UK's Inland Revenue department are still to be overcome.

By working together the two parties were able to create a program with particular features that enabled management and two different groups of workers to meet their different needs. A rare example of helping to manage demographic change at a company level through joint action, this mutual effort is reflected not simply in the bargaining process but also in the commitment and follow-up shown over six years in securing a favourable ruling from Revenue Canada on the pension issue.

As a classic win-win situation both sides were able to reach their objectives. The program has been able to provide employees with more flexibility and options as they reach the later stages of their career. Rather than a clean break with work, which can be traumatic, workers can now phase into retirement. Simultaneously, full-time employment opportunities for young workers were created. Furthermore, these ends were achieved in a way that was did not threaten the number of full time jobs. The company also was able to achieve cost savings in some areas.

Summary

The three cases are all examples of innovative practices that are forward looking in trying to adjust to demographic change. Their significance lies not simply in the particular practices but for a number of common themes they each reflect.

All three programs, at both the sectoral and workplace and company level utilize a joint approach. In each case management and union have developed a program that attempts to account for their different perspectives and issues they wish to address. This ensures that the arrangements are acceptable to both sides and minimizes the problem of implementation. It also ensures that certainty and predictability are guaranteed for both sides. Both labour and management know what to expect from the various initiatives, which raise their comfort level with the specific arrangements.

In each case specific, tailored made and often innovative solutions were developed to meet particular needs in the sector or company. In the Toronto Star-CEP case, because this was a new activity for both sides, the collective agreement was used as a framework to state a principle and the mentoring program was developed at ground level. Similarly in the Air Canada case the principle was stated in the collective agreement but required several years of dogged follow-up in order to achieve a favourable pension ruling from Revenue Canada. In the sector example the vehicle used was a sector council. In each case the specific mechanism used was different but reflected the needs of the situation.

All three programs implicitly or explicitly recognized that creating opportunities for youth was a sound strategy for maintaining and even rejuvenating their workforces in the face of a growing number of potential retirees in the coming years. Experience from older workers was either through mentoring in the Toronto Star-CEP case and modernized through a training program red in the THRC case. In Air Canada phased out retirement for older workers translated directly into full-time opportunities for younger workers who found the new technologies and processes less intimidating.

IV. Conclusion

The findings of the leadership survey and the evidence of the case studies provide an interesting view of the differences that may be at play at different levels in the economy. The macro views, as expressed in the Leadership Survey show that business and labour have different perceptions around the replacement of retiring workers and the hiring of youth. Business are generally more optimistic than labour about the ability to replace retiring workers and are more confident than labour that youth hiring is and will continue to be a high priority.

The case study evidence shows that while the two groups may hold different overall perceptions, at the micro level they do share views on the strengths and advantages of adopting joint solutions to particular problems. While the arrangements illustrated from these cases may not be evident on a wide scale throughout the economy, they do highlight the value of adopting a pro-active approach to managing an aging workforce.

The inexorable progression of demographic trends means that more attention will have to be paid by firms, unions and industries to the issues of an aging workforce and the replacement of corporate memory. As the average age of the working population rises so too will the number of cases similar to those presented here. In short, demographic change will dictate that greater attention be focussed on these issues and that this is likely to be reflected eventually in the economy wide perceptions of labour and business leaders.

The case studies provided in this paper are but a small part of the kind of data that will be required to help businesses, unions and policy makers to develop appropriate strategies in the area of work arrangements. Planning for the replacement of retirees in workplaces and sectors is of course only one type of new work arrangement. New organizations and types of work arrangements are being forged through a confluence of different factors and it would be fruitful to obtain micro data, including case study evidence, from a much broader set of firms and employees.